

Price of crude oil falls \$3 per barrel

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NEW YORK -- The price of crude oil fell nearly \$3 and settled below \$62 a barrel Monday on a supply glut at a key North American delivery point as geopolitical tensions loomed.

An oversupply at the storage hub in Cushing, Okla., while localized, had a disproportionate effect on prices, said Citigroup Global Markets energy analyst Tim Evans.

Because the hub serves as a delivery point for oil, the facility is the "Achilles heel" for the petroleum market, he said. As it nears capacity, dealers have no place to store more oil should they want to take advantage of low prices on the May futures contract, which expires April 20, Evans said.

"We simply woke up on the wrong side of the bed," he said, adding that traders knew of the glut last week. "Somebody's alarm went off, and it was time to sell May crude." Light, sweet crude for May delivery fell \$2.77 to settle at \$61.51 a barrel in electronic trading on the New York Mercantile Exchange.

Brent crude for May fell \$1.65 to settle at \$66.59 a barrel in electronic trading on London's ICE Futures Exchange.

However, Iran's claim Monday that it has begun enriching uranium on an industrial scale did spark some selling, said Phil Flynn, an analyst at Alaron Trading Corp. in Chicago.

President Mahmoud Ahmadinejad said during a ceremony at an enrichment facility at Natanz, Iran, that the country was now capable of enriching nuclear fuel using 3,000 centrifuges. Some experts said the announced capabilities would fall far short of the material needed to run the plant.

Coupled with decreased volume after the holiday weekend, the markets were left with no one to step in and buy, Flynn said.

"When you get light volume, little stories like this have heavy effects on the markets," he said.

Oil prices rose more than \$5 a barrel -- hitting six-month highs -- after Iran's March 23 detention of 15 British sailors and marines. The market immediately fell following their release Thursday. There was no trading Friday because of the holiday.